

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

25494
5
AF Note — 27

5



AF Note — 27

AGROFORESTRY NOTES

September 2003



Direct Marketing of Agroforestry Products

Introduction

Agroforestry can enhance cash flow on many farms through the production of high-value forest products. The greatest challenge, however, is often marketing rather than production. Unlike commodity crops that have a readily available, but relatively uncompromising, market; the market for some agroforestry products is not always apparent. Landowners may need to take an active role in marketing to reap the benefits of their production. Producer goals, resources, and products, as well as local customer needs and habits usually dictate marketing strategies. This Note describes several different direct marketing strategies that might be used to market agroforestry products. Many variations on these options exist—the only limitation is one's creativity.

Direct marketing is based on selling a product directly to the consumer. It involves the elimination of one or more middle steps in the marketing process. As a result, the producer receives a significant percentage of the retail price. At the same time, responsibility for selling farm products is shifted from the retailer to the producer, making direct marketing more risky but potentially more rewarding than wholesale marketing.

Farmers' Markets

For low volume, high-value forest products, farmer's markets may be a good choice. The term, "farmers' market" is used to describe a market where farmers sell directly to the consumer, but this marketing system could also be called a "community market" because of the benefits it provides directly to the community. Farmers' markets effectively connect local producers of high-value products to discriminating and loyal consumers. Sponsorship of farmers' markets may come from communities, state or local community service agencies, extension or education programs, and private citizens.



Farmers' markets are increasing in popularity across the United States. There are currently over 2,850 farmer's markets in the United States, and over a million customers visit farmer's markets every week.

Community Supported Agriculture (CSA)

Community Supported Agriculture (CSA) is a "growing and purchasing" partnership between producers and members of the local community. This system works best for farms that produce a variety of vegetables, but it can function for farms that include agroforestry products as well. The producer grows food for a group of shareholders (subscribers) who pledge to buy a portion of the farm's crop that season. The exact agreement between the farmer and the shareholder varies.

A share is usually targeted at providing a family with a weekly supply of vegetables and fruits and sometimes animal products for the duration of the growing season. Agroforestry products

Internet Marketing

such as fruits and nuts, woody florals, herbs and medicinal plants may also be part of this mix. The shares are paid to the farmer either before the growing season or in installments during the season. The CSA approach secures consumers who, in turn, share with the producer the risks and benefits of good and bad years. CSA members are typically families but may also include restaurants, farmers' markets, or institutions. CSAs provide the consumer a fresh, high quality supply of produce, knowledge that they are supporting a local farm, and a "connection" with their food source.

There are currently about 1,000 CSAs in the United States and Canada. Most are organized and operated by individual farmers, but some are directed by consumers. Increasingly, CSAs may include more than one agricultural producer. All build stronger farmer and consumer relationships.

The Internet has revolutionized how people communicate, shop, and market their products. Many farms have started their own web sites in order to distribute information about their farm, transact sales, or both. Opening a "digital storefront" allows you to market to the entire world. Internet marketing is particularly effective for producers in remote locations who cannot easily access traditional urban markets. Web sites can be "hosted" by local internet providers for approximately \$6.00 to \$60.00 per month depending on the amount of web traffic anticipated. Alternatively, some providers may host selected web sites for free in return for advertising privileges on a site. Professional graphic design consultants are widely available to help with design, installation and maintenance of web sites if needed.

It is important to consider objectives before setting up the web site. Web site objectives will determine the level of maintenance and complexity of the site. Web sites whose objective is to sell seasonal products or keep customers informed about the farming operations, seasonal prices of goods, or when certain crops will be ripe, must have effective security and be frequently maintained and updated.

An internet site must compete with hundreds of similar sites. Here are a few strategies for obtaining and increasing web site traffic:

1. Select a domain name that is easy to spell, meaningful, professional, and sends a marketing message.
2. Register your site with a search engine.
3. Provide links to other sites of interest to potential customers.
4. Make your web site personalized and interactive.
5. Leave your web site address everywhere - on business cards, labels, brochures, and newsletters
6. Keep the web site updated and fresh.
7. Provide contact information for customers who wish to phone or fax in orders.

If you don't want to maintain a web site you may prefer to communicate with customers via e-mail rather than a web site. Commercial internet directories, such as www.smallfarm.com and www.localharvest.org, can provide customers with access to farm e-mail addresses. Producer associations and State Departments of Agriculture may also provide directories. Developing an e-mail mailing list of your own, sending out e-mail newsletters, and leaving your e-mail address in community directories are other ways of getting the word out about a farm.

On-Farm Sales

The on-farm store or roadside stand is a common and traditional means of marketing farm products. Like other means of direct marketing, on-farm stores provide commodities from the producer directly to the consumer, eliminating "middle" costs.



Typically, a weekly share of farm produce includes a variety of seasonal vegetables. Photo courtesy of Common Good Farm CSA.

The costs for establishing an on-farm store or roadside stand can range from virtually nothing to very expensive for an elaborate store. However, the success of on-farm sales depends on location, consumer preferences, and labor. Costs can mount quickly if someone must be on duty at all times. Profits will suffer if the location is too far from a good customer base. Local regulations, laws and rules vary by location, so it is important to contact local and county authorities before establishing a roadside or on-farm stand.

One strategy that has been successful for some on-farm marketers is "enterprise blending." A farm that sells both fruit and crafts, for example, may sell more of each than if only one of these items is available. This purchasing phenomenon happens because each enterprise attracts a different type of buyer, but the buyer often 'discovers' an interest in the other enterprise after arriving at the farm. One farmer who sells both sweet corn and peaches says that the people who come to the farm for the sweet corn often leave with a box of peaches, too. Start out selling those items that you are good at producing, and offering a few additional high quality items. Ask customers what other products they would be interested in purchasing. Build the product selection based on customer suggestions.

Atmosphere is especially important to on-farm sales. Keeping a store or stand neat and attractive will go a long way toward gaining sales. Ultimately, it is the "personal touch" that is important in creating this atmosphere. Simple things like a friendly greeting, providing useful information, visiting with customers, and maintaining regular hours encourages repeat business.

Pick-Your-Own

Pick-your-own or "U-pick" operations offer several advantages. First, running a pick-your-own operation reduces labor costs involved with harvesting, washing, and grading. Customers pay lower prices and experience being out in the field, harvesting the crop and enjoying the country atmosphere. Crops that are easy to recognize as ripe, such as berries, fruits, and some nuts are popular U-pick crops. These enterprises often work well when combined with farm tours.

Before deciding on a U-pick operation, carefully consider all that is involved with opening the farm to the public. Some of the typical requirements are: 1) parking spaces, 2) liability insurance, and 3) a willingness to deal with the public. Another risk associated with these enterprises is spoilage, particularly, but not exclusively, if bad weather keeps customers away during critical times.

Agri-Entertainment

Agri-entertainment is another dimension that can be added to pick-your-own or other on-farm marketing strategies. This is simply another means of attracting additional customers to the farm. Agri-entertainment can involve a broad spectrum of activities, including festivals, special events, hayrides, contests, mazes, cooking classes, agri-educational tours, or recreational hunting, fishing or hiking. Agri-entertainment may attract a different set of customers than would otherwise visit the farm. If carefully planned and advertised, it may be an effective means of increasing the customer base.

Agri-entertainment can be time consuming and may involve liability and other legal issues. Agri-entertainment can be started simply, by providing a shaded picnic area for visitors to the farm for example. Use the rural setting as an advantage.

Other Forms of Direct Marketing

Other direct marketing strategies include mail order marketing, delivery service and rent-a-row or tree. Mail order businesses allow the farmer to charge premium prices for a product without having to face the public directly. This may be very important to those who prefer privacy. Products sold must be storable, ship well, and be relatively light-weight. Seed sales often make very effective mail order businesses. In mail order businesses, organization, promptness, and detailed record keeping are critical to success. Another critical component of mail order marketing is the mailing list. Developing an effective mailing list can take several years. Lists developed by others are usually not effective, as the customers you want to target need to be customers interested in your product(s).

Producers or groups of farmers who run delivery services can command high prices for their products. However, locating and retaining customers for delivery services can be extremely

time-consuming, and transportation costs can rapidly add up. Another issue is reliability. Customers will remain loyal only if they receive what they are promised when it is promised. Still, if time and resources are available to implement this strategy, the personal and financial rewards can be great.

Another direct marketing strategy that may work on some farms located near urban centers is the "rent a row, tree, or animal" strategy. Here the customer pays to rent a plot of land, a tree, or an animal such as a milk cow at the beginning of the growing season. The producer provides labor and inputs needed to grow the crop or produce the animal product. Then the customer receives and sometimes harvests the crop or animal product at the end of the year. This marketing strategy could be considered a variation on the U-pick strategy, but for the producer it eliminates much of the risk involved with U-pick, as payment is up-front. One of the difficulties with this strategy is the need to keep track of the management practices implemented on each item rented. Another problem may be keeping track of the renters, some of whom may wish to visit their rental regularly. Scheduling public access to the farm must be included in the up-front planning.

There are advantages and disadvantages to any marketing strategy. Whether or not a direct marketing strategy is suitable for a particular situation will depend on the size of the farm, the variety of crops grown, available labor, and producer goals and personality. Many farms use more than one marketing strategy simultaneously, and others use different strategies at different times.

Direct Marketing Associations

Producers considering direct marketing strategies may want to become involved with one or more direct marketing associations which have been established throughout the United States to provide networking opportunities and marketing information to their members. Services provided by these associations may include:

- member and consumer directories
- workshops
- newsletters
- insurance
- conferences
- tours
- certification
- government relations

One of the largest direct marketing association in the United States is the North American Farm Direct Marketing Association (NAFDMA), established to promote and foster "the growth of farm direct marketing by offering opportunities for education, networking and fellowship to its members." For more information about NAFDMA visit their web site, www.nafdma.com. NAFDMA encourages formation of regional and local associations.

Additional Information

The following web sites provide additional marketing ideas:

- USDA Natural Resources Conservation Service, www.nrcs.usda.gov/technical/RESS/altenterprise/
- Appropriate Technology Transfer For Rural Areas, www.attra.org
- Sustainable Agriculture Research and Education, www.sare.org
- USDA Agricultural Marketing Service, www.ams.usda.gov/farmersmarkets/

Author

Stefanie Aschmann, Agroecologist, USDA Natural Resources Conservation Service, USDA National Agroforestry Center, Lincoln, Nebraska. saschman@unlserve.unl.edu.



Contact: USDA National Agroforestry Center (NAC), East Campus-UNL, Lincoln, Nebraska 68583-0822. Phone: 402-437-5178; fax: 402-437-5712; web site: www.unl.edu/nac.

The USDA National Agroforestry Center (NAC) is a partnership of the Forest Service, Research & Development (Rocky Mountain Research Station) and State & Private Forestry and the Natural Resources Conservation Service. NAC's purpose is to accelerate the development and application of agroforestry technologies to attain more economically, environmentally, and socially sustainable land-use systems. To accomplish its mission, NAC interacts with a national network of partners and cooperators to conduct research, develop technologies and tools, establish demonstrations, and provide useful information to natural resource professionals.

USDA policy prohibits discrimination because of race, color, national origin, sex, age, religion, or handicapping condition. Any person who believes he or she has been discriminated against in any USDA-related activity should immediately contact the Secretary of Agriculture, Washington, DC 20250.

Opinions expressed in *Agroforestry Notes* are those of the author and do not necessarily represent the policy of the USDA Forest Service or the USDA Natural Resources Conservation Service.